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TAGS: [PARM](#) [PHUM](#) [PREL](#) [PINR](#) [EUN](#) [USEU](#) [BRUSSELS](#)

SUBJECT: CHINA ARMS EMBARGO: APRIL 2 PSC DEBATE AND NEXT STEPS FOR U.S.

REF: A. USEU TODAY 04/06/04

[B. BRUSSELS 1464](#)

[C. STATE 68263](#)

[D. PRAGUE 390](#)

Classified By: USEU Poloff Van Reidhead for reasons 1.4 (b) and (d)

SUMMARY

1. (S/NF) The EU Political and Security Committee (PSC) discussed the EU arms embargo on China during a heated 90 minute exchange on April 2. PSC Ambassadors generally agreed that the issue -- of whether, when and how to lift the embargo -- should be sent back down to working groups for further study before being presented to political groups for a decision. France objected, however, and succeeded in getting agreement to discuss the issue at the April 26 FMs meeting (GAERC) -- but failed in its campaign to secure an early decision. The debate will likely continue well into the Dutch EU Presidency. This cable draws on a detailed readout and a sensitive internal report provided to Poloff by UK and Hungarian contacts (please protect accordingly), as well as background provided in recent days by other interlocutors. It also offers a strategy for continuing US engagement.

PSC Reacts Badly to Latest US Demarche

2. (S/NF) PSC Ambassadors reportedly arrived at the April 2 meeting to find copies of ref C demarche sitting on their otherwise empty desks. The demarche was received badly because it gave the impression that "big brother was watching," and because it appeared timed as a heavyhanded and hubristic attempt to influence the PSC, according to our UK contact. Some reps, led by Greek Ambassador Paraskevoupoulos, objected to the Council Secretariat's distribution of the demarche under Council Secretariat cover and with a Secretariat identifying number. He argued that the document had no business being circulated by the Secretariat, and insisted that it be stricken from EU

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records. Ambassadors also reacted against what they perceived as the threatening tone of our demarche.

3. (S/NF) The Financial Times' front page article on April 2 about the US demarche campaign also enflamed the Ambassadors because it appeared directly aimed at Friday's PSC discussion. Irish Ambassador Kelleher reportedly opened the meeting by waving the article in the air and imploring his colleagues to protect the confidentiality of internal EU deliberations. Poloff pointed out that the timing of the latest US demarche was a coincidence, as we were previously unaware that the PSC was scheduled to discuss the issue on that day. (COMMENT: Our demarche was received badly not so much because of its substance, but because of the way it was presented. Our UK contact faulted the Irish and the Council Secretariat for the way the demarche was handled in the PSC,

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and also the awkward timing that made it seem, along with the FT article, tailor-made to influence the April 2 discussion. END COMMENT).

National Positions: France versus Denmark

4. (S/NF) According to our UK contact, France staked out a "zero flexibility" position on lifting the embargo, and is opposed to any talk of applying conditionality (i.e. by insisting on further human rights progress by China and/or strengthening the Code of Conduct prior to lifting the embargo). The Danes are reportedly still leading the opposition, and have circulated to EU partners a list of ten human rights conditions that they believe China should meet before the embargo is lifted (we have not yet obtained a copy of this list). Other EU Member States are lining up somewhere in between, although "all agree in principle" that

the embargo should be lifted if certain conditions are met. The debate from now on will focus on defining conditions and timing.

15. (S/NF) Following is a summary of national interventions made at the April 2 PSC:

-- France: The embargo is anachronistic and must go; willing to discuss timing but not conditionality because China would not accept human rights conditionality; likewise would be contradictory to enhance the Code of Conduct specifically for China while also lifting the embargo; opposed also to making Code of Conduct legally binding; wants issue to remain political; opposed to sending it down to working groups.

-- Denmark: Any decision to lift the embargo must be linked to specific Chinese steps on human rights; EU also needs to review Code of Conduct to ensure that lifting the embargo does not result in increased arms sales to China.

-- Germany: EU must consider regional impact of lifting the embargo; now is not a good time to lift embargo (COMMENT: The Germans appear to have moved closer to the Danes in recent weeks, and are now the largest EU member state with serious reservations about lifting the embargo. One report of the discussion suggests that "the tough German position, coupled with the strength of US views, might be tempering French enthusiasm." END COMMENT).

-- UK: Should be further study by working groups to identify implications for human rights and regional stability, and to examine options for strengthening Code of Conduct (COMMENT: Our Hungarian contact reports that the UK is fundamentally closer to the French end of the spectrum than the Danish. The UK, like France, does not favor making the Code of Conduct legally binding. END COMMENT).

-- Greece: Should explore gestures China could make on human rights without explicitly linking them to lifting the embargo; should not link regional stability to lifting embargo; "provocatively" proposed that the Code of Conduct be made legally binding. (COMMENT: Our contacts report that the Greek position on lifting the embargo is closer to France than any other Member State. END COMMENT).

-- Ireland: Supports sending the issue back to working groups (in part to keep the EU from making any decision during its Presidency).

-- Netherlands: Central consideration should be possible release of political prisoners from the 1989 Tiananmen crackdown.

-- Czech Republic: Supports French position that issue should remain political; silent on other points (COMMENT: Our UK contact said that the Czech position is generally understood to be informed by that country's interest in selling radar equipment to China, as described ref D. END COMMENT).

-- Sweden: Working groups should further study issues of human rights, regional stability, and enhancing the Code of Conduct.

-- Austria: Should explore gestures on human rights that China could make but avoid linkage to lifting the embargo; should conduct a general (i.e. non China-specific) review of Code of Conduct.

-- Italy: Intervened with same points as Austria.

-- Belgium: More discussion needed of implications, including on human rights, of any decision to lift embargo.

-- Commission: Took no position on lifting embargo but said EU should remain focused on human rights.

Other member states did not intervene in the PSC discussion.

Timeline: Back to the Working Groups?

16. (S/NF) The PSC will meet again on this issue on April 7, when it is expected to approve an "issues paper" which will then be sent through COREPER to FMs for discussion at the April 26 GAERC. According to our UK and Hungarian contacts, the paper is intended as a tour d'horizon for the GAERC discussion. It will not contain recommendations, and FMs are not expected to take a decision. Instead, they will likely send the paper back down to the PSC for re-examination. Most PSC Ambassadors, having satisfied the French desire for a ministerial discussion in April, will then press France to accept the majority preference for sending the issue back to the working groups. The working groups would need two to three months, minimum, to complete their assessments and submit their papers to the PSC (EU working groups are

comprised of capital-based experts who rarely meet more than once per month). The relevant working groups are COHUM (human rights), COASI (Asia Directors), and COARM (conventional arms exports).

17. (S/NF) What all this means is that the debate will likely continue well into the Dutch Presidency. Already, Member States are beginning to look toward the December EU-China Summit as a possible timeframe for any decision to lift the embargo. We have heard they are also looking at the US electoral calendar and quietly wondering whether it would be worth holding off their decision until November or December in the hopes of sneaking it past the US radar. They have not and will not discuss such issues openly, even amongst each other in the PSC, but our UK contact confirms that quiet conversations and suggestive comments are going on in the wings.

Next Steps for the US

18. (S/NF) Our efforts have managed to slow down the momentum in favor of removing the arms embargo, but have not killed this idea outright. In addition to the ongoing diplomatic dialogue on this issue, we recommend the following steps to help us keep the pressure on European governments:

-- We should coordinate closely with Japan, and perhaps also the ROK. According to numerous EU interlocutors, the Japanese have become increasingly active on this issue, but their efforts appear so far uncoordinated with our own. While this may have served our interests in the sense that it gave the Europeans the impression that Japan's concerns were genuine and not dictated by Washington, it is now time to begin coordinating our efforts, so that Europeans recognize that other key players in the region share our regional stability concerns.

-- We should engage the European Parliament, and particularly members of its Human Rights Committee. The EP is already on record opposing an end to the embargo. By calling attention to EU deliberations and ongoing Chinese human rights abuses, the EP could increase the political heat on member state governments against any decision to lift the embargo.

-- We should consider increasing our public statements and press briefings for European audiences, on the assumption that more scrutiny by European publics would help our views on this issue, especially as regards human rights.

-- We should increase our engagement with institutional and member state representatives to the COHUM, COASI and COARM working groups. In this way we could ensure that our views on human rights, regional stability and the Code of Conduct are fully understood by those experts who will be supplying recommendations to the political groups for discussion.

-- Additionally, as suggested ref B, we recommend the USG begin considering options for how the EU might strengthen controls on arms exports to China in a post-embargo scenario. The worst case for us would be for the EU to lift its embargo without having in place some sort of new mechanism for controlling the transfer of arms and sensitive technologies to China.

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